

ARTICLE I INTRODUCTION

- 1.1 Date of and Parties to the Agreement. This agreement, dated _____, is between [SPONSOR NAME], hereafter called the School Food Authority (SFA), and [FOOD SERVICE MANAGEMENT COMPANY NAME] (the FSMC).
- 1.2 Purpose of Agreement. This agreement sets forth the terms and conditions upon which the SFA retains the FSMC to manage and operate the SFA's food service for the SFA's students, employees, visitors, and guests.
- 1.3 Term of the Agreement. The initial term of this agreement commences on _____, and continues until _____ [this date may be no more than one year from the date the agreement commences]. The agreement is subject to four (4) additional one-year renewals upon the consent of both parties, unless terminated earlier as provided in the Article concerning General Terms and Conditions. 7 CFR § 210.16 (d)

ARTICLE II RELATIONSHIP OF THE PARTIES

- 2.1 Limited Agency. The SFA retains the FSMC as the exclusive agent to purchase food and manage the daily operations of the SFA's food service program as described in this agreement.
- 2.2 Responsibilities of Agent.
 - A. As agent, the FSMC shall prepare and serve a variety of high quality, wholesome, and nutritious food and beverages for students, faculty, staff, employees, and others as designated by the SFA in accordance with the terms and conditions of this agreement.
 - B. The FSMC agrees that it will perform the work described in this agreement in full compliance with all applicable laws, rules, and regulations adopted or promulgated by any federal or state regulatory body or governmental agency.
 - C. The FSMC agrees to meet all requirements and performance standards that may be specified by rule or regulation by any administrative officials or bodies charged with enforcement of any state or federal laws on the subject matter of this agreement.
 - D. The FSMC agrees to assume full responsibility for the payment of all contributions, assessments, both state and federal, as to all employees engaged by it in the performance of this agreement.
 - E. The FSMC agrees to furnish the SFA, upon request, a certificate or other evidence of compliance with state or federal laws regarding contributions, taxes, and assessments on payrolls.
- 2.3 Rights of Principle.
 - A. As principle, the SFA shall supervise and retain control of the FSMC's daily operation of the food service described in this agreement; retain control of the quality, extent, and general nature of the food service operation; and establish all program and non-program meal and a la carte prices. Authorized representatives of the SFA shall have access to all portions of the food service facilities at all times, and shall monitor the performance of the FSMC under this

- agreement through periodic on-site visits. 7 CFR § 210.16(a)(2)(3)(4).
- B. The SFA may make reasonable regulations with regard to all matters under its supervision and control, and the FSMC shall comply with them as soon as reasonably possible after proper notification is given.
 - C. The SFA shall retain control of the school food service account and overall financial responsibility for the school nutrition program. 7 CFR § 210.9 (a)(1) and 210.16 (a)(4).
 - D. The SFA shall retain signature authority on the Child Nutrition Program Food Services Agreement, Free and Reduced Price Policy Statement, and all claims for reimbursement. 7 CFR § 210.9(b)(8) and 210.16(a)(5).
 - E. The SFA shall retain signature authority and be responsible for all contractual agreements entered into in connection with the school nutrition program. 7 CFR § 210.21.
 - F. The SFA shall ensure resolution of program review and audit findings. 7 CFR § 210.9(b)(17).
 - G. The SFA shall provide a 21-day cycle menu. The FSMC must adhere to the cycle menu and food specifications provided by the SFA for the first 21 days of meal service, and any changes made thereafter may be made only with approval of the SFA. 7 CFR § 210.16 (b)(1) and 210.16 (c)(3). (See Appendix __, __, and __)
 - H. The SFA shall establish an advisory board composed of parents, teachers, and students to assist in menu planning. 7 CFR § 210.16(a)(8).
 - I. The SFA shall maintain applicable health certification and be assured that the FSMC is meeting all state and local regulations in preparing and serving meals at the facilities. 7 CFR § 210.16(a)(7).
 - J. The SFA shall develop, distribute, and collect the parent letter and application for free and reduced price meals. 7 CFR § 245.6.
 - K. The SFA shall determine eligibility and verify applications for free and reduced price meals benefits and will conduct any hearings related to such determinations. 7 CFR § 245.6, 6a, 7, 10.
 - L. The SFA shall assure that the maximum amount of USDA donated foods are received and utilized by the FSMC. 7 CFR § 210.9(b)(15).
 - M. The SFA shall maintain responsibility for procuring processing agreements, private storage facilities, or any other aspect of financial management relating to commodities. 7 CFR § 250.15(a).

ARTICLE III FOOD SERVICE PROGRAM

- 3.1 Location. The FSMC shall prepare and serve meals for the schools listed in Appendix __. The SFA and the FSMC may agree to add other locations.

- 3.2 Calendar. All meals will be provided in accordance with the approved calendar, attached as Appendix _____. For the first twenty-one (21) days of food service, FSMC will adhere to the 21-day cycle menu agreed upon by FSMC and the SFA. Changes in the menu may later be made with approval of the SFA. 7 CFR § 210.16 (b)(1).
- 3.3 Meal Program. The FSMC shall provide nutritional, high-quality breakfasts, lunches, snacks, milk service, a la carte food, and vending items **[delete any items not applicable]** in accordance with the following terms:
- A. All reimbursable lunches, breakfasts and snacks shall meet the qualifications for USDA reimbursement as described in 7 CFR § 210.10, and 220.8 , et seq.
 - B. All full lunches, breakfasts and snacks served under the Summer Food Service Program shall meet the qualifications for USDA Reimbursement as described in 7 CFR § 225. **[delete if not applicable]**
 - C. All reimbursable milks shall meet the qualifications for USDA reimbursement under the Special Milk Program as described in 7 CFR § 215. **[delete if not applicable]**
 - D. The SFA shall administer the application process for all free and reduced price meals, and shall establish and notify parents and guardians of program criteria for eligible students. Both the SFA and the FSMC shall be responsible for protecting the anonymity of students receiving free or reduced price meals. 7 CFR § 210.16 (a)(5).
 - E. The FSMC shall collect gross sale receipts, on behalf of the SFA, for cash-paid meals, a la carte items, and vending items. Gross cash receipts shall be turned over daily to the SFA.
- 3.4 Nutrition Awareness Programs. In cooperation with the SFA, the FSMC shall conduct on-going nutrition awareness programs for students, teachers, parents, and other interested parties.
- 3.5 Special Diets. The FSMC shall supply special diets for students where medically necessary and when prescribed and approved in writing by the SFA and a licensed physician.
- 3.6 Food Committee and Advisory Board. The FSMC shall cooperate with the SFA's Food Service Advisory Committee, consisting of students, parents, and SFA staff in developing menus and other food service programs.
- 3.7 Catering. Upon request by the SFA, the FSMC shall provide catered food service at times and prices mutually agreed upon **[delete if not applicable]**. For all SFA sponsored and third party functions catered by the FSMC, the FSMC shall prepare and submit prenumbered invoices to appropriate administrators of the SFA and representatives of third party organizations, which shall pay the SFA directly. Such invoices will be submitted by the FSMC by the end of the current month. Any invoice payments received by the FSMC shall be immediately delivered to the SFA's Accounting Department. Costs of catered functions shall not be supported by the nonprofit foodservice account funds. The SFA shall be responsible for collecting amounts due on food service accounts receivable invoices. The FSMC shall provide the SFA with copies of invoices and an invoice control log within ten (10) days after the end of each month.
- 3.8 Environmental Protection Agency Compliance. In performance of this agreement, the FSMC shall comply with Section 306 of the Clean Air Act, Section 508 of the Clean Water Act, Executive Order 117389, and EPA Regulations 40 CFR Part 15, et seq. Environmental violations shall be reported to the United States Department of Agriculture and US EPA Assistant Administrator for Enforcement, and the FSMC agrees not to utilize a facility listed on the EPA's "List of Violating Facilities." OMB Circular No. A-102, Attachment O, paragraph 14.i.

- 3.9 Energy Policy and Conservation Act Compliance. The SFA and the FSMC shall recognize mandatory standards and policies relating to energy efficiency which are contained in the state conservation plan issued in compliance with the Energy Policy and Conservation Act. OMB Circular No. A-102, Attachment O, paragraph 14.j.
- 3.10 Contract Work Hours and Safety Standards Act Compliance. In performance of this agreement, and as employer for all management food service employees, the FSMC shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act. OMB Circular No. A-102, Attachment O, paragraph 14.f.
- 3.11 Debarment Certification. The FSMC shall complete and submit to the SFA the US Department of Agriculture Certification Regarding Debarment. The certification must accompany the four (4) additional one-year renewals. 7 CFR § 3017.510.
- 3.12 Lobbying. Pursuant to section 1352, Title 31, US Code, the FSMC shall complete and submit a Certificate Regarding Lobbying and a Disclosure of Lobbying Activities to the SFA. 7 CFR § 3018.

ARTICLE IV MANAGEMENT AND PERSONNEL

- 4.1 FSMC Management and Professional Employees. The FSMC shall provide sufficient and qualified management and professional employees to manage the food service operations and supervise all employees employed therein.
- 4.2 Non-Management Employees. All non-management food service employees shall be employees of the SFA. The FSMC managers shall direct and supervise SFA food service employees.
- 4.3 Student Workers. **[delete if not applicable]** The SFA has a policy of providing work experience for its students as part of the educational curriculum. In furtherance of that policy, the SFA may assign students for work in the food service operation in such numbers as are agreed upon between the SFA and the FSMC.
- 4.4 Payroll and Taxes. The FSMC shall prepare and process the payroll for and shall pay its employees directly. The FSMC further warrants that it shall withhold or pay as appropriate all applicable federal and state employment taxes and payroll insurance with respect to its employees, specifically including any income, social security, and unemployment taxes and workers' compensation payments.
- 4.5 Workers' Compensation Insurance. The FSMC shall procure Workers' Compensation Insurance or shall maintain a system of self-insurance in conformance with applicable state law covering its employees and shall provide proof of such coverage or system to the SFA.
- 4.6 Nondiscrimination. Neither the SFA nor the FSMC shall, unless otherwise made inapplicable by law, discriminate on the basis of race, color, gender, religion, sex, age, national origin, disability, political beliefs, sexual orientation, or marital or family status, or status as a Vietnam veteran, as defined by applicable federal, state, and local law, in the recruitment, selection, training, utilization, promotion, termination, or other employment related activities concerning food service personnel.
- 4.7 Fingerprinting Requirements. The FSMC shall be responsible for obtaining any necessary fingerprint clearances for its employees as required by law. The FSMC shall provide all necessary forms and/or documentation for such employees to the SFA. A.R.S. § 15-512-13.

ARTICLE V
INVENTORIES, FACILITIES, EQUIPMENT, AND MAINTENANCE

- 5.1 Inventories of Food and Supplies. Prior to the commencement of the term of this agreement, the existing food and operational supplies shall be delivered without charge to the FSMC for the performance of this agreement. The cost of food and operational supplies ordered by FSMC on behalf of the SFA in performance of this agreement shall be paid for by the FSMC and the FSMC shall then be reimbursed for those costs incurred. The inventory of food and operational supplies shall remain the SFA's property. These purchases must be made using the same competitive procurement procedures applicable to the SFA.
- 5.2 Smallwares. The SFA shall furnish the necessary smallwares, including trays, dishes, glassware, flatware, serving utensils, and the like.
- 5.3 Office Facilities. The SFA shall provide, without cost to the FSMC, suitable office facilities, including furniture and equipment, for use by the FSMC in performance of this agreement. The FSMC shall take reasonable care of the office facilities and equipment, and shall return them to the SFA in good condition upon termination of this agreement, ordinary wear and tear excepted.
- 5.4 Sanitation. The FSMC shall be responsible for usual and customary cleaning and sanitation of the SFA's food service facilities.
- A. The FSMC shall be responsible for housekeeping and sanitation in areas used for food preparation, storage, and service, and shall clean and sanitize dishes, pots, pans, utensils, equipment, and similar items.
- B. The SFA shall be responsible for the required cleaning and maintenance of dining areas and snack bar seating areas beyond the front edge of the serving lines, as well as periodic cleaning of all ceilings, ceiling fixtures, air ducts, and hood vent systems (as per local ordinance). The SFA shall also provide and maintain adequate fire extinguishing equipment for food service areas, provide necessary pest control, and shall be responsible for the removal of refuse from refuse collection centers.
- C. If the SFA is unable to perform any of its responsibilities described in subparagraph B above, the FSMC shall temporarily assume those responsibilities and shall bill the SFA for any costs incurred.
- D. The FSMC shall be responsible for complying with all applicable federal, state, and municipal laws related to food preparation and sanitation and all rules and regulations promulgated thereunder. The SFA shall be responsible for compliance relating to structural and equipment matters. 7 CFR § 210.16 (c) (2).
- 5.5 Maintenance. The SFA shall provide, at the SFA's expense, maintenance personnel and outside maintenance services, parts, and supplies required to properly maintain the food service facilities and equipment. If the FSMC is required by an outside maintenance service to make payment at the time of service, the SFA shall reimburse the FSMC for such payments made.
- 5.6 Condition of Facilities and Equipment. The SFA shall obtain necessary health permits and certification for its facilities. The premises and equipment provided by each party in performance of this agreement shall comply with all applicable building, safety, sanitation, and health laws; and shall satisfy all permit requirements, ordinances, rules, and regulations, including the federal Occupational Health and Safety Act of 1970 or applicable state act and standards promulgated thereunder. FSMC shall take reasonable and proper care of all premises and equipment in its custody and control and shall use them in a manner that will not cause violation of applicable laws,

ordinances, rules, and regulations, including any reporting and record-keeping requirements. If at any time the FSMC is notified by an authorized government agency that the SFA's premises or equipment are not in compliance with any law, ordinance, rule, or regulation, the FSMC shall immediately inform the SFA of such notification.

- 5.7 Transportation Equipment and Vehicle. The SFA shall provide transportation vehicles and equipment to be used in the food service program. Maintenance, fuel, insurance, and equipment for transportation shall be the responsibility of the SFA. **[delete if not applicable]**
- 5.8 Nonconforming Facilities and Equipment. Each party shall, at no cost to the other, make all repairs, alterations, modifications, or replacements which may be necessary to correct any conditions of premises or owned equipment which violate applicable building, sanitation, health, or safety law, ordinance, rule or regulation.

ARTICLE VI FINANCIAL AND PAYMENT TERMS

- 6.1 Billing for Reimbursements, Commissions, and Management Fee. The FSMC shall submit supporting documents and invoice the SFA monthly for the following direct, actual costs and management fees:
- A. The actual and direct costs for the wages, taxes, and benefits of the food service director and other management employees on the FSMC's payroll.
 - B. Direct operating costs paid by the FSMC arising from performance of this agreement. Direct operating costs are defined as:
 - Food and supply purchases by the FSMC necessary to perform this agreement
 - Food service program travel and mileage costs incurred
 - Advertising and promotions within the SFA
 - The FSMC's insurance necessary for performance of this agreement **[delete if not included as part of the bidding/proposal process]**
 - Service business and occupation tax
 - Employee training and development costs
 - Laundry, linen, and uniforms
 - Licenses and permits for performance of this agreement
 - Commodity delivery charges and storage rental
 - C. Plus, a per meal charge for all meal and meal equivalents based upon the following scale for FSMC's management fee:

Number of Meals	Charge per Meal
0 to XXX,XXX	\$.0XXX
XXX,XXX and above	\$.0XXX
 - D. Per Meal Defined:
 - For management fee purposes, each reimbursable lunch shall be considered one (1) meal/meal equivalent, each reimbursable breakfast shall be considered one-half (1/2) of a meal/meal equivalent, and one reimbursable snack shall be considered one-fourth (1/4) of a meal/meal equivalent.
 - For management fee purposes, the number of meal equivalents shall be determined by dividing the total of all sales except reimbursable meal sales (including cash for adult meals, a la carte meals, and snack bar sales) by the free reimbursement rate plus the per meal value of commodities of the current school year.

- E. A per month charge of XXX thousand, XXX hundred and XX dollars (\$X,XXX.00), twelve (12) months per year for the FSMC's General and Administrative costs incurred. The following functions are the FSMC's responsibility, and will be included in such fees:
- Corporate supervision
 - Financial reporting and analysis
 - Field auditing
 - Marketing Assistance
 - Purchasing administration
- F. Expenses paid by the FSMC and not charged to the SFA or the food service operation and are unallowable include:
- Reports filed to the State
 - Corporate income tax

- 6.2 Invoice Due Date. Invoices submitted to the SFA by the FSMC will be paid according to the SFA's "Accounts Payable Cut-Off Schedule," attached as Appendix _____. If invoices are received in the SFA's Accounting Department by the cut-off date, and they pass audit, payment will be made on the release date listed on the schedule. The FSMC will be notified immediately of any invoice that does not pass audit. The SFA shall pay all amounts when due, but if the SFA does not make a payment when due, no interest shall be charged by the FSMC on that past due receivable, pursuant to 7 CFR § 210.16(c).
- 6.3 Break-Even Guarantee. The SFA and the FSMC shall work together to ensure a financially sound and well-run operation. The FSMC shall guarantee that the food service program will achieve financial break-even, defined as "generated program revenues will be sufficient to cover all actual and direct operating costs incurred." Actual and direct operating costs are as described in paragraphs 6.1 A - E above.
- 6.4 Taxes. If during the term of this agreement any taxes are added or deleted, or there is a revision of an existing law or regulation such that the responsibility for any tax is shifted or altered, any of which results in increased or decreased costs to the FSMC, then the financial terms of this agreement shall be adjusted to reflect the change in cost retroactive to the commencement of the change. The obligations described in this paragraph shall survive any termination of this agreement, and will continue until the applicable statute of limitations, including legal extensions, has expired. The SFA and the FSMC shall agree to remain responsible for any:
- liability or assessment, including related interest and penalties, resulting from a tax responsibility of that party, and
 - reasonable collection expense, attorney's fees, and costs incurred in connection with the collection of any such amount from that party.

Nothing herein is intended to absolve the FSMC from payment of city, state, or federal income taxes.

- 6.5 Operating Statements. The FSMC shall submit monthly operating statements to the SFA by the fifteenth (15th) of the next month. This statement shall reflect all activity for the previous calendar month.
- 6.6 Inspection of Books and Records. The books and records of the FSMC pertaining to operations under this agreement shall be available to the SFA at any reasonable time. The FSMC shall maintain such records, for a period of not less than five (5) years after the final day of the contract, or longer if required for audit resolution. A.R.S. § 35-214, 215.
- 6.7 Renegotiation of Financial Terms. The renegotiation of price terms under this agreement is permitted only upon the occurrence of unpredictable, unexpected conditions beyond the control of the parties. If those conditions create a significant and material change in the financial assumptions upon which the price terms of this agreement are based, then those price terms so affected may be renegotiated by the parties. Renegotiation of price terms under such conditions must be mutual, and any changes in price terms must be agreed upon by both parties. Any adjustments so

negotiated and agreed upon must accurately reflect the change in conditions. The occurrence of contingencies that are foreseeable and predictable, but not certain, should be calculated into the defined price terms to the extent possible, with the goal of minimizing the need for renegotiation of price terms during the term of the agreement.

- 6.8 Availability of Funds. Every payment obligation of the SFA under this Contract is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Contract, this Contract may be terminated by the SFA at the end of the period for which funds are available. No liability shall accrue to the SFA in the event this provision is exercised, and the SFA shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

ARTICLE VII GENERAL TERMS AND CONDITIONS

- 7.1 Compliance With Law. The FSMC shall comply with all laws, ordinances, rules, and regulations of all applicable federal, state, county, and city governments, bureaus, and agencies, regarding purchasing, sanitation, health, and safety of the food service operations. The FSMC will comply with all requirements of the National School Lunch Program and the School Breakfast Program **[delete if not applicable]** and shall procure and maintain all necessary licenses and permits. The SFA shall cooperate, as necessary, for the FSMC's compliance and procurement efforts.
- 7.2 National School Lunch Program. In order to assist the SFA's participation in the National School Lunch Program:
- A. Any federally donated commodities received by the SFA and made available to the FSMC shall be used only for the benefit of the SFA's food service operation. Any commodity processing contracts shall be established by the SFA. All goods, services, and monies received as a result of rebate under a processing contract must be used in the SFA's nonprofit food service. 7 CFR § 210.16 (a)(6). The FSMC shall maintain a perpetual inventory record of donated commodities.
 - B. No payment shall be made for meals or snacks that are spoiled or unwholesome at the time of service, or do not meet specifications developed by the SFA, or do not otherwise meet the requirements of this agreement. No deduction in payment shall be made by the SFA unless the SFA notifies the FSMC in writing within 48 hours of the meal service for which the deduction is to be made, specifying the number of meals for which a deduction is to be made and describing the reasons for the deduction. 7 CFR § 210.16 (c)(3).
 - C. The FSMC shall maintain such records, for a period of not less than five (5) years after the final day of the contract, or longer if required for audit resolutions, as are needed by the SFA to support its claims for federal and state reimbursements. The FSMC shall submit to the SFA a monthly meal reimbursement claim report for the SFA to submit to the Arizona Department of Education.
 - D. The FSMC shall make available, as required by state and federal regulations, all books and records pertaining to food service operations. These records are subject to inspection or audit by representatives of the SFA, State Agency, the US Department of Agriculture, and the US General Accounting Office at any reasonable time and place.
- 7.3 Comprehensive Insurance. The FSMC shall obtain and keep in force during this agreement, for the protection of the SFA and the FSMC, Comprehensive General Bodily Injury and Property Damage

Liability Insurance in the combined single limit of no less than five million dollars (\$5,000,000). That insurance shall include, but not be limited to, Personal Injury Liability, Broad Form Property Damage Liability, Blanket Contractual Liability, and Products Liability, covering only the operations of the FSMC under this agreement, and shall deliver to the SFA a certificate evidencing such policies and coverage within thirty (30) days after the execution of this agreement by the parties. The insurance policies shall contain a covenant by the issuing company that the policies will not be canceled unless a thirty (30) day prior written notice of cancellation is given to the SFA. The policies for \$5,000,000 coverage shall also name the SFA as an Additional Insured, but only with respect to operations of the FSMC under this agreement. **[delete if not included as part of the bidding/proposal process]**

- 7.4 Waiver of Insurance Subrogation. Neither party has any obligation or responsibility for loss or damage to the other's real or personal property that is caused by fire, extended coverage perils, vandalism, or malicious mischief. The parties waive all rights of recovery against each other for loss or damage to the waiving party occasioned by any such peril insured against under any policies insuring the waiving party's real or personal property.
- 7.5 Indemnity. Unless otherwise expressly provided, the SFA and the FSMC shall remain responsible for all claims, liability, loss, and expense, including reasonable costs, collection expenses, and attorney's fees incurred, which arise by reasons of negligent or wrongful act or omission of the party, its agents, or its employees in the performance of its obligations under this agreement.
- 7.6 Trade Secrets. The FSMC shall designate any information it considers confidential or proprietary, including recipes, surveys and studies, management guidelines, operating manuals, and similar documents which it regularly uses in the operation of the FSMC's business or which it develops independently during the course of this agreement. Information so designated and identified shall be treated as confidential by the SFA, and the SFA shall exercise the same level of care in maintaining the confidences of the FSMC as it would employ in maintaining its own confidences. All such recipes, files, records, compilations, manuals, and similar items shall remain the exclusive property of the FSMC and shall be returned to the FSMC immediately upon termination of this agreement. The SFA shall have no right to the use trademarks, service marks, copyrights, or trade names of the FSMC following termination of this agreement. The FSMC shall remove all evidence of its trade names and registered trademarks within thirty (30) days after termination of this agreement.

Similarly, the SFA shall designate any information it considers confidential or proprietary, including recipes, surveys and studies, management guidelines, operating manuals, and similar documents that it regularly uses in its operations or which it develops in the course of this contract. Information so designated and identified shall be treated as confidential by the FSMC, and the FSMC shall exercise the same level of care in maintaining the confidences of the SFA as it would employ in maintaining its own confidences. All such recipes, files, records, compilations, manuals, and similar items shall remain the exclusive property of the SFA and shall be returned to the SFA immediately upon termination of this agreement. The FSMC shall have no right to the use trademarks, service marks, copyrights, or trade names of the SFA following termination of this agreement.

The FSMC shall retain copyright rights to any recipes, surveys and studies, management guidelines, operating manuals, and similar documents, that are developed pursuant to this agreement at the request of or through the funding provided by the SFA. Notwithstanding, the SFA shall retain royalty-free, nonexclusive and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, for government purposes any such information and documents. 7 CFR § 3016.34.

- 7.7 Assignment. This agreement may not be assigned by either party, in whole or in part, without the written consent of the other party.
- 7.8 Notice. Any notice or communication required or permitted under this agreement shall be in writing and shall be served personally or sent by US registered or certified mail, postage prepaid and return receipt requested, addressed to the other party as follows:

Notices to the SFA:

Sample SFA
123 Sample Avenue
Sample Town, AZ 00000-0000

Notices to the FSMC:

Sample Food Service Management Company
123 Sample Street
Sample Town, State 11111-1111

Other persons or places may also be designated, in writing, by either of the parties, during the term of this agreement. Notices shall be effective when received. Sent notices will be considered received forty-eight (48) hours after they are deposited in the US mail.

- 7.9 Attorney's Fees. If any action or proceeding is necessary to enforce the provisions of this agreement, including any claim or demand, or to interpret this agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which it may otherwise be entitled, whether or not such action or proceeding is prosecuted to judgment.
- 7.10 Catastrophe. With the exception of payment obligations for prior performance under this agreement, neither party shall be liable for the failure to perform their respective obligations under this agreement when such failure is caused by fire, explosion, water, act of God or inevitable accident, civil disorder, strikes, vandalism, war, riot, sabotage, weather and energy related closings, or other like causes beyond the reasonable control of the party, nor for any real or personal property destroyed or damaged due to such causes. The FSMC shall resume food service operations as soon as possible.
- 7.11 Termination. If either party fails to comply with any of the obligations required of it in this agreement and, following receipt of written notice specifying that failure, fails to remedy such failure within a reasonable time not to exceed sixty (60) days, then the other party shall have the right to terminate this agreement immediately upon giving written notice of that intention. 7 CFR § 210.16 (d).
- 7.12 Cure Period. In either case, if a cure or remedy is found for the termination request by mutual agreement of the contracting parties, the termination or non-renewal letter must be withdrawn in writing by the terminating party within the sixty (60) day period as described in paragraph 7.11 above. This letter should be counter-signed by the receiving party and the letter should become an amendment to this agreement.
- 7.13 Non-Renewal Notice. The SFA and the FSMC shall give no less than sixty (60) days written notice of the intention to renew this agreement.
- 7.14 Rights Beyond Termination. The right of termination referred to in this agreement is not intended to be exclusive, and is in addition to any other rights available to either party at law or in equity.
- 7.15 Construction and Effect. A waiver of any failure under this agreement shall neither be construed as, nor constitute a waiver of, any subsequent failure. This agreement supersedes all prior negotiations, representations, or agreements. The Article and Paragraph headings are used solely for convenience and shall not be deemed to limit the subject of the Articles and Paragraphs or be considered in their interpretation. The appendixes referred to herein are made part of this agreement by the respective references to them. This agreement may be executed in several counterparts, each of which shall be deemed an original.
- 7.16 Amendments to the Agreement. The parties cannot alter any provision in this agreement that is required by any law, rule or regulation. The parties cannot otherwise amend or alter this agreement, except as to minor, non-substantive provisions or issues that do not materially affect

the scope of work or the cost of the agreement. The parties must mutually agree, in a written document signed by both parties and attached to this agreement, to amend, add, or delete an Article or Appendix. Any amendment to this agreement shall become effective at the time specified in the amendment.

7.17 Sanctions. For breach of the agreement and associated benefits:

- A. The Arizona Department of Education shall be notified immediately of termination action and reason for termination.
- B. The name of either party who has caused the breach shall be kept on record by the Arizona Department of Education for information and action if necessary when co-signing future agreements.
- C. If the FSMC causes the breach, the FSMC assumes liability for any and all damages, including excess cost to the SFA in procuring similar services, and is liable for administrative, contractual, and legal remedies as applicable.

7.18 Cancellation of Contract. Pursuant to A.R.S. § 38-511, the SFA may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the SFA if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the SFA is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. A cancellation made pursuant to this provision shall be effective when the FSMC receives written notice of the cancellation unless the notice specifies a later time.

7.19 Disputes of Contract. Disputes arising under this Contract are subject to arbitration to the extent required by A.R.S. § 12-1518.

7.20 Antitrust Violations. The FSMC assigns to the SFA any claim for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to the FSMC toward fulfillment of this Contract.

SO AGREED:

Signature of Food Service Management Company's
Authorized Representative

Title

Date

Signature of School Food Authority's
Authorized Representative

Title

Date